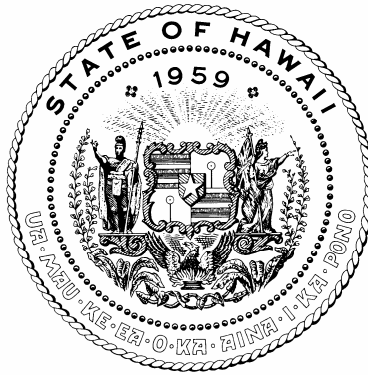


INTERIM REPORT TO THE TWENTY-FOURTH LEGISLATURE

REGULAR SESSION OF 2007

REQUESTING THE DEPARTMENT OF LAND AND NATURAL RESOURCES TO
CONDUCT AN ANALYSIS OF INCENTIVES TO PROMOTE LANDOWNER
PROTECTION OF IMPORTANT MAUKA LANDS



Prepared by

THE STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
DIVISION OF FORESTRY AND WILDLIFE

In response to House Concurrent Resolution 200 House Draft 1, Regular Session of 2006

Honolulu, Hawaii
November 2006

INTERIM REPORT TO THE TWENTY-FOURTH LEGISLATURE

REGULAR SESSION OF 2007

REQUESTING THE DEPARTMENT OF LAND AND NATURAL RESOURCES TO CONDUCT AN ANALYSIS OF INCENTIVES TO PROMOTE LANDOWNER PROTECTION OF IMPORTANT MAUKA LANDS

PURPOSE

This interim report complies with House Concurrent Resolution. 200, House Draft 1 of the 2006 Regular Session, which acknowledges the importance, in Hawaii and throughout the World, of protecting and preserving natural resources that in turn provide ecosystem services to the communities surrounding them. The Concurrent Resolution challenged the Department of Land and Natural Resources (DLNR) with generating ideas and knowledge that supports the environment as a capital resource. More directly, DLNR was directed to “conduct an analysis of local, national, and international incentives and other programs that promote landowner protection of important mauka lands and recognize the public benefits of the ecosystem services provided by those lands”.

Through this Concurrent Resolution, the State of Hawaii has the opportunity to generate ideas, knowledge and methods to discover and recommend opportunities to establish policies that do not view the environment solely as a “free good”, but rather seeks to implement a full array of incentives for mauka landowners to promote ecosystem health and benefits for all who benefit from them.

DLNR is requested to submit an interim report of its work to the Legislature, no later than 20 days prior to the convening of the Regular Session of 2007, and a final report of its findings and recommendations, including any proposed legislation, to the Legislature no later than 20 days prior to the convening of the Regular Session of 2008. This interim report covers actions taken through November of 2006 as required by the Concurrent Resolution.

EXECUTIVE SUMMARY

“Ecosystem services are indispensable to the well being of people all over the world” (Millennium Assessment, 2005). Increasing human populations and unsustainable land use practices have and continue to cause dramatic changes to our environment. Due to these changes, there is a loss in a wide variety of resources and the ecosystem benefits derived from those resources. Ecosystems provide economic services ranging from the generation of water, agricultural products, flood protection, reduced soil erosion, and coral reef stability & productivity to carbon sequestration. Other important but less acknowledged services derived from protected and thriving ecosystems are an abundance of wildlife and the associated habitats

for those species, recreational opportunities, open space, biofuel production, and aesthetic related values.

“Environmentally minded innovators understand the economic potential of conserving life-support systems and recognize that conservation can be profitable” (Daily, 2002). More World Nations are recognizing that ecosystems and the services they provide can no longer be considered ‘free goods’. “The challenge of reversing the degradation of ecosystems while meeting increasing demands for their services can be met but this involves significant changes in policies, institutions, and practices that are not currently under way” (Millennium Assessment, 2005). The State of Hawaii has the opportunity to begin addressing these types of significant changes and possesses the desire to manage them sustainably. The mauka lands throughout the Islands have the largest potential and provide the most existing benefits associated with ecosystem services (Attachment A). The majority of these mauka lands consist of intact forests, open woodlands, agricultural areas, and pasturelands that are often restricted by State Conservation Land use limitations. In Hawaii, mauka lands are generally owned by a relatively small subset of the population, and the cost of conserving, restoring, or maintaining those lands falls largely on that small group whereas the benefits provided by these lands are enjoyed by a much larger number of people and communities. There are few financial incentives for mauka private landowners to conserve and maintain their lands in forests, eco-friendly agriculture or other natural states. Rather there are financial disincentives of taxes, insurance, and rising costs of basic land management, putting pressure on landowners to sell their lands or convert them to some form of intensive development. There are few significant revenue sources for preserving land. Where incentive programs exist, many are not designed for large landowners or impact small portions of land at any given time. In order to provide mauka landowners with realistic alternatives to sell or develop lands, new government programs and private sector markets to compensate landowners for providing ecosystem services are needed.

In consultation with mauka landowners, other stakeholders, and persons with relevant scientific and economic expertise, DLNR, over the next year, will work with this diverse group to gather all available incentive program information including information on emerging private sector markets, create valuation models appropriate for Hawaii, and make recommendations to the Legislature on possible policies and/or programs that may be effective in protecting mauka lands essential for ecosystem services.

PRIORITIES AND MILESTONES

DLNR, with the assistance of the community, has taken some actions towards achieving these objectives. Additionally, DLNR has listed the priorities and major milestones related to this Concurrent Resolution and the actions to be taken within the next legislative year.

Actions Taken:

- 1) Organized a steering committee that are assigned specific duties pertaining to the development of this Concurrent Resolution and will meet quarterly:
 - DLNR – Division of Forestry & Wildlife (DOFAW)

- Private landowners
 - o Kamehameha Schools
 - o The Nature Conservancy
 - o Palani Ranch
 - o McCandless Ranch
- Stanford University
- Hawaii Pacific University
- United States Department of Agriculture Forest Service – Institute of Pacific Island Forestry
- National Association of State Foresters – Forest Products & Services Committee

2) Updated the DOFAW-produced Forestry Related Assistance Programs in Hawaii that includes a user-friendly matrix table. (Attachment B)

Expected Actions

The following list of actions, derived from meeting with the Steering Committee, are those actions appropriate to investigate over the next legislative year as potentially helpful in achieving our objectives. These expected actions are not a final list, simply those initially selected. Through the process of investigations, other actions and collaborations will be developed. All actions and outcomes will be included in the final report.

- 1) Evaluate the principal types of ecosystem services in Hawaii and describe what actions can be taken to conserve them.
- 2) Develop ecosystem service valuation models.
- 3) Identify/Understand how carbon credits are valued and how this model can be adapted for other ecosystem service valuations.
- 4) Seek out information about national & international programs, not found in Hawaii that provide incentives for private landowners to protect, conserve, and/or restore their lands.
- 5) Evaluate the use and reality of alternative/non-financial incentives such as Best Mgmt Practices, Codes of Conduct, and residential mauka area incentives (retreats, ecotourism companies, etc) and/or how can they be used in conjunction with financial incentive programs.
- 6) Compile local tax incentives and disincentives for private landowners.
- 7) Describe the long-term vs short-term environmental and economic benefits of investing and attracting biofuel energy sources.
- 8) Finalize recommendations for the Legislature.

Bibliography

- 1) Gretchen C. Daily, Ellison, K., 2002. The New Economy of Nature: The quest to Make Conservation Profitable. Published by Island Press.
- 2) Millennium Ecosystem Assessment, 2005. Ecosystems and Human Well-being: Synthesis. Published by World Resources Institute.
- 3) Millennium Ecosystem Assessment, 2005. Ecosystems and Human Well-Being: Health Synthesis. Published by World Health Organization.
- 4) Jessica Dales, 2006. Ecosystem Services Provided by Mauka Lands. Commissioned by The Nature Conservancy.

Attachment A

Ecosystem Services Provided by Mauka Lands

Ecosystem Services	From the Literature
Provisioning Services	
Sufficient access to food	
Fuel	
Genetic resources	
Biochemicals/Pharmaceuticals discoveries	
Ornamental resources	
Freshwater	
Regulating Services	
Air quality regulation	
Climate regulation	<ul style="list-style-type: none"> • By researching rates of land-use change and changes per hectare in carbon that follow a change in land use it was determined that during the 1980's the net flux of carbon attributable to land management offset 10-30% of U.S. fossil fuel emissions (Houghton et al. 1999). • Deforestation has decreased global vapor flows from land by 4%. Therefore, deforestation represents an equivalent force to irrigation in terms of changes in the hydrological cycle (Gordon et al. 2005).
Water regulation	<ul style="list-style-type: none"> • Ecosystem management decisions designed to provide specific ecosystem services such as carbon sequestration may lead to the degradation of other services. For example although plantations are extremely efficient sinks for carbon and can help control groundwater recharge and upwelling they may reduce stream flow and salinize and/or acidify some soils. Plantations typically place greater demands on water and nutrient resources than grasslands, shrublands or even croplands (Jackson et al. 2005). • In areas marked by water scarcity the economic cost of an invasive species which consumes large amounts of water can be immense. Recovery of these costs can be accomplished through the eradication of the species and the consequential return of services provided by the water (Zavaleta 2000). • Researchers at the University of Hawai'i have studied the Ko'olau Mountain forests, O'ahu's primary source of water, and concluded that if there were complete deforestation the value of the lost recharge to the islands aquifers would be between \$4.6 and \$8.5 billion. When other services such as aesthetic value, climate control, and biodiversity were included in the valuation the total value of the watershed was estimated at between \$7.4 and \$14 billion (Kaiser and Roumasset 2002). • Forest ecosystems in the watersheds of Yangtze River (Tibetan

	Plateau) regulate water flow in the rivers. As a result, hydroelectric power plants in the region are able to increase electricity production. The value of the forest for water regulation is therefore greater than the lumber value of the forest (Guo et al. 2000).
Erosion control	
Water purification	<ul style="list-style-type: none"> • A study of 16 streams in eastern North America found that riparian deforestation causes channel narrowing which in turn reduces the amount of stream habitat in ecosystems thereby compromising in-stream processing of pollutants. Forest buffers not only prevent non-point source pollutants from entering small streams, but also encourage the in-stream processing of both non-point and point source pollutants; reducing their impact on downstream rivers and estuaries (Sweeney et al. 2004).
Disease control: Human	
Disease control: Pests	
Pollination	<ul style="list-style-type: none"> • Conserving forest fragments within agricultural landscapes may increase both yield and quality of produce by providing habitat for essential pollinators. For example researchers in Costa Rica found that forest based pollinators increased coffee yields by 20% in plants located within 1 km of forest (Rickets 2004).
Storm Protection	
Cultural Services	
Spiritual/religious values	
Aesthetic values	
Recreation and ecotourism	<ul style="list-style-type: none"> • Hawaii's coastal reefs generate almost \$364 million each year in added value and about 84% of this value is generated from snorkeling and diving activities around the islands (Davidson 2003).
Cultural diversity	
Knowledge systems (diversity & memory)	
Human Well-Being	
Material well-being	
Health	<ul style="list-style-type: none"> • Internal urban ecosystems such as parks and lakes produce a wide variety of ecosystem services, which have a substantial impact on the quality of life in urban areas (Bolund and Hunhammar 1999).
Security	
Social Relations	
Freedom and Choice	

Forestry Related Assistance Programs in Hawaii:

Current programs and future trends

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Cooperative Resource Management Forester

State of Hawaii
Department of Land and Natural Resources
Division of Forestry and Wildlife

October 2006

INTRODUCTION

There are a number of assistance programs in Hawaii, but many qualified landowners are unaware of what these programs are, how to access them, the appropriate practices for them, and/or current trends which may affect them. This document outlines many of the available programs and opportunities that are available for private landowners, communities, State agencies, and consultants in the State of Hawaii. This information will be updated as new programs are available and current programs change.

The following programs are listed by the umbrella agencies that manage them.

USDA FOREST SERVICE COOPERATIVE ASSISTANCE / STATE & PRIVATE FORESTRY PROGRAMS

Administered by the State of Hawaii Division of Forestry & Wildlife

<http://www.dofaw.net/>

Urban & Community Forestry (Kaulunani) - Cost-Share 50 Federal/50 Landowner. This program promotes the creation of healthier, more livable urban environments. Kaulunani maintains, restores, and improves the health of urban trees, forests, green spaces and sustainable forest ecosystems. The Program provides educational, technical and cost-share funding to cities, counties, schools, and community groups in urban areas. Kaulunani funding is available ranging from \$1000 to \$10,000 for cost-share projects. Matching for this program comes primarily from public and private community, in-kind project contributions and/or labor.

<http://www.state.hi.us/dlnr/dofaw/kaulunani/index.htm>.

Forest Lands Enhancement Program (FLEP) - Cost-Share 75/25. This program provides educational, technical, and financial assistance to private forest landowners interested in sustainable forestry management objectives in non-industrial private forests. FLEP provides education, technical and cost-share funding for small-scale forest restoration, conservation, and/or education projects ranging from \$1000 to \$10,000. Matching for this program comes from private landowners' in-kind contributions and labor.

www.state.hi.us/dlnr/dofaw/hfsp/index.html.

Cooperative Forest Health Protection – Cost-Share 50/50. This program directs and implements measures to prevent, retard, or suppress unwanted, native and nonnative invasive insects, pathogens, and plants affecting trees and forests. The primary goals are to minimize the spread of established invasive species and reduce damage caused by native insects and diseases. The program protects and improves America's forests using cutting-edge technology to rapidly respond to forest health threats. Funding and technical assistance is available for insect and pathogen management for private landowners through the State. This program is committed to finding innovative ways to rapidly respond to forest health threats to avoid unacceptable loss of forest resources. http://www.fs.fed.us/foresthealth/briefs/program_overview.html

Forest Legacy Program (FLP) – Cost-Share 75/25. This program protects private forestlands from being converted to non-forest uses. FLP provides an opportunity for willing private landowners to sell (fee simple or conservation easement use-rights) their land to the State of Hawaii for the purpose of preserving or restoring unique forested areas. Matching for this program must come from a non-federal source in the form of land contribution or dollars. <http://www.state.hi.us/dlnr/dofaw/Legacy/index.html>.

Watershed Forestry Assistance Program (WFAP) - On December 3 2005, the President signed the Healthy Forest Restoration Act (HFRA). The Act contains two watershed forestry assistance programs (WFAP), State Watershed Forestry Assistance and the Tribal Watershed Forestry Assistance Programs, that are to be administered by the Secretary of Agriculture through the Chief of the Forest Service. The Forest Service is working with State Forestry Agency personnel and with Indian Tribes to develop separate guidelines for the State and the Tribal Watershed Forestry Assistance Programs. Previous plans were to issue interim guidelines for both programs in October 2004. Because no program funds are included the President's FY2005 budget, there is no justification for publication of interim guidelines. For more information on these programs, contact Karen Solari, ksolari@fs.fed.us.

OTHER STATE OF HAWAII ASSISTANCE PROGRAMS

Administered by the Division of Forestry & Wildlife

Land Legacy Conservation Fund – Cost-Share 75/25. This program provides a source for funding for the conservation of Hawaii's unique and fragile places and resources. State, county agencies, and non-profits who are seeking funding to acquire property from private entities may apply for this grant. Proposed projects may include acquisition of fee title or conservation easements. Cost-share funding is only required of nonprofit organizations.
www.hawaii.gov/dlnr/dofaw/llcp

State Forest Stewardship Program - Cost-Share 50/50. The purpose of this program is to assist non-industrial private forest landowners whom manage their forests and related resources to increase the economic and environmental benefits of their lands. Cost-share funding opportunities for private landowners range from \$5,000 to \$75,000 per year, for 10 yrs, with a following maintenance period. www.state.hi.us/dlnr/dofaw/hfsp/index.html.

Natural Area Partnership Program – Cost-Share 2 to 1 ratio, State dollars to landowner match. This program provides state funds for the management of private lands that are dedicated to long-term conservation. This program can support a full range of management activities to protect, restore, or enhance significant native resources or geological features. The program can also help provide funding for the development of long-range management plans. Minimum 6-year commitment to the program. <http://www.state.hi.us/dlnr/dofaw/napp/index.html>

Watershed Partnerships – These programs are voluntary alliances of public and private landowners committed to the common value of protecting large watersheds for water recharge and other values. Presently eight (8) successful watershed partnerships have been established covering thousands of acres. On the ground projects focus on alien species control fencing ecosystem restoration, and technical assistance.

<http://www.state.hi.us/dlnr/dofaw/wpp/index.html> or www.hawp.org

Youth Conservation Corps (YCC) – The Corps is a hands-on summer learning experience educating Hawaii's youth. The YCC program usually runs from June 14 through July 30 of each year. Members and team leaders receive a stipend and if eligible, will receive three (3) college credits upon successful completion of the program. YCC programs will be held on the islands of O'ahu, Maui, Moloka'i, Kaua'i, and the Big Island. Eligible applicants must be at least high school sophomores and no older than current college sophomores. Team Leader (TL) applicants must be at least 21 and have completed their sophomore year in college. Member and TL applications must be postmarked by the beginning of March of the year of the program. No prior experience is necessary for applicants. Hawaii Youth Conservation Corps is constantly looking for interested organizations that are willing to help develop and grow the YCC. The Corps can be reached by phone or fax. Phone numbers are: OFFICE (808) 247-5753; FAX (808) 247-2115. <http://www.hawaiiycc.com/program.html>

Safe Harbor Agreements – This agreement encourages proactive natural resource management to benefit endangered and threatened species. It provides regulatory assurances that future property-use restrictions will not be imposed if those efforts attract endangered or threatened species to their enrolled property or result in increased numbers or distributions of listed species already present. <http://www.state.hi.us/dlnr/dofaw/safeharbors/index.htm>

Hawaii Invasive Species Council (HISC) – HISC is a government body established by the Legislature of the State of Hawaii with the authority to provide funding for the removal of and the establishment of State policy related to invasive species. The Hawaii Invasive Species Council's special purpose is to foster coordinated approaches that support local initiatives for the prevention and control of invasive species, such as the coordinating group on alien pest species and the island invasive species committees. <http://www.state.hi.us/dlnr/dofaw/HISC/>

<http://www.r1.fws.gov/>
http://pacificislands.fws.gov/worg/orghc_conpart.html

National web page providing endangered species information to private landowners
<http://endangered.fws.gov/landowner/index.html>

Landowner Incentive Program (LIP) – Cost-Share 75/25. The State of Hawaii contains more biologically unique species than any other state in the United States. Unfortunately, this high level of endemism is paralleled by Hawaii also having more imperiled biota than any other state. There are currently 378 listed threatened and endangered species, 127 proposed and candidate species, and 1,085 species of concern in Hawaii. Many of these imperiled species are found on private lands in the State. Over 60% of the total land area and 50% of conservation district lands are under private ownership. The cooperation and assistance of private landowners is essential to be able to conserve and restore native flora and fauna. Recognizing the need to engage private landowners in the conservation of rare and endangered species, the U.S. Fish and Wildlife Service implemented LIP to provide funding and technical assistance to enhance, protect, or restore habitats that benefit federally listed, proposed, or candidate species, or other at-risk species on private lands. <http://www.state.hi.us/dlnr/dofaw/LIP/>

Private Stewardship Grant Program – Cost-Share 90/10. This program supports projects on private lands that benefit species and their habitats that are listed, proposed, candidates, or rare species. It funds on-the-ground projects rather than planning, research, education, ongoing management or land acquisitions. The projects can not be used to fulfill mitigation requirements. The non-Federal match requirement can be cash, in-kind services (including volunteer labor) or equipment. A state-sponsored University or conservation group can submit a proposal as long as a willing private landowner is involved. These projects compete on a regional basis; therefore the proposals should be as complete and competitive as possible. Local Hawaii contact - Craig Rowland U.S. Fish and Wildlife Service Phone: 808-792-9450, Fax: 808-349-1413 http://pacificislands.fws.gov/worg/orghc_psg.html

Recovery Land Acquisition Grants – Cost-Share 75/25. Loss of habitat is the primary threat to most listed species. Land acquisition of fee title or conservation easement is often the most effective and efficient means of protecting habitats essential for recovery of listed species before development or other land use changes impair or destroy key habitat values. Recovery Land Acquisition grant funds are matched by States and non-federal entities to acquire these habitats from willing sellers in support of approved species recovery plans.
<http://www.fws.gov/endangered/grants/section6/FY2006/RFP.pdf>

Coastal Program – The program's purpose is to focus the U.S. Fish and Wildlife Service's efforts in bays, estuaries and watersheds to conserve fish, wildlife and their habitats in support of a healthy coastal ecosystem. The Coastal Program has four goals: 1) Serve coastal communities; 2) Conserve pristine coastal habitats; 3) Restore degraded coastal wetland, upland, and stream habitats; and 4) Focus resources through conservation alliances. The program's approach is to partner with coastal communities to improve the health of their watershed for fish, wildlife, and people. Coastal Program identifies, evaluates, and maps important habitats and provides technical assistance to interested parties for restoration.
<http://www.fws.gov/coastal/CoastalProgram/>

A complete list of the grants offered by the USFWS can be found at - <http://grants.fws.gov/>

USDA - NATURAL RESOURCE CONSERVATION SERVICE PROGRAMS

Environmental Quality Incentives Program (EQIP) – Cost-Share 75/25. This program is a voluntary conservation program for farmers and ranchers that promotes agricultural production and environmental quality as compatible national goals. EQIP offers financial and technical help to assist eligible participants install or implement structural and management practices on eligible agricultural land. <http://www.nrcs.usda.gov/programs/eqip/>

Wildlife Habitat Incentives Program (WHIP) – Cost-Share 75/25. This program is a voluntary program for people who want to develop and improve wildlife habitat primarily on private land. Through WHIP, USDA's Natural Resources Conservation Service provides both technical assistance and up to 75 percent cost-share assistance to establish and improve fish and wildlife habitat. <http://www.nrcs.usda.gov/programs/whip/>

Conservation Resource Enhancement Program (CREP) - An offspring of the Conservation Reserve Program (CRP), CREP is a voluntary program for agricultural landowners. Unique state and federal partnerships allow you to receive incentive payments for installing specific conservation practices. Through the CREP, farmers can receive annual rental payments and cost-share assistance to establish long-term, resource-conserving covers on eligible land. CREP is a voluntary land retirement program that helps agricultural producers protect environmentally sensitive land, decrease erosion, restore wildlife habitat, and safeguard ground and surface water. This program is in the process of being activated in Hawaii, but at the present time is not available. <http://www.fsa.usda.gov/pas/publications/facts/html/crep03.htm>

Farm and Ranchland Protection Program (FRPP) – Cost-Share 50/50. FRPP provides matching funds to help purchase development rights to keep productive farm and ranchland in agricultural uses. The program works through existing programs, USDA partners with State, tribal or local governments and non-governmental organizations to acquire conservation easements or other interests in land from landowners. USDA provides up to 50 percent of the fair market easement value of the conservation easement. <http://www.nrcs.usda.gov/programs/frpp/>

**UNITED STATES ARMY
ENVIRONMENTAL CENTER**

Private Lands Initiative – The Private Lands Initiative involves a cooperative agreement between an armed service and a non-governmental organization (NGO) or a state/local agency to cost-share the purchase of land titles or conservation easements from willing land owners (at market value) to minimize incompatible use. The NGO or state/local agency purchases and manages the land titles or easements. The contact person at the US Army Environmental Center for the Private Lands Initiative is Cynthia Bauer at Cynthia.Bauer@aec.apgea.army.mil Phone: (410) 436-4988. Website <http://aec.army.mil/usaec/natural/natural03a.html>

ENVIRONMENTAL PROTECTION AGENCY DEPARTMENT OF HEALTH

Clean Water Act Section 319 (Nonpoint Source Management Program – Section 319 is an amendment to the Clean Water Act to establish a Nonpoint Source Management Program to help focus State and local nonpoint source efforts. State, Territories, and Indian Tribes receive grant money to support a variety of activities such as technical assistance, financial assistance, education, training, technology transfer, demonstration projects, and monitoring. The State, Territory, or Indian Tribe may take the provided funding and contract out to local organizations to help meet the objectives of the Act. For information please contact Hudson Slay at (808) 586-4436. <http://www.epa.gov/owow/nps/cwact.html>

TAX INCENTIVES WITH LANDOWNER ASSISTANCE PROGRAMS IN HAWAII

Native Forest Dedication on the Big Island – Allows private landowners with a minimum of three (3) acres to dedicate their land as native forest under its agricultural use categories. Native forest dedication requires that you actually have native forest dedication under which individual landowners agree to maintain their land as 60% native plant species with 25% canopy cover in exchange for a reduced tax assessment. This is a 20-year dedication. The following link provides the forms for native forest dedication on the county web site: http://www.hawaiipropertytax.com/template.asp?page=Forms_Miscellaneous.htm&mnu=Home&submnu=forms&lftmnu=formsmisc Call Mike McCall at 961-8260 for more information.

State Tree Farm Program – Chapter 186, HRS authorizes the Board of Land & Natural Resources to classify private land as tree farms, if it is suited for the sustained production of forest products in quantity sufficient to establish a business. The private property (or term lease of more than 20 years) must be ten (10) acres or more to be eligible. A tree farm management plan must be prepared, made available to the public for 30 days, reviewed, and approved by the BLNR. Once each of these steps are completed, a management agreement is prepared by the Division of Forestry & Wildlife (\$50). The property receives a tree farm classification and is eligible for petition to the County to qualify for a property tax assessment. For additional information contact Sheri Mann (DOFAW) at Sheri.S.Mann@hawaii.gov or by telephone: (808) 587-4172

Cost-Share Exclusion (Improvements) - Code Sec. 126 (e) Exclusion from income.
<http://www.timbertax.org/research/research.asp>

LAND TRUSTS

Agencies that help private landowners facilitate incentive programs

The Nature Conservancy – The mission of the Nature Conservancy is to preserve the plants, animals, and natural communities that represent the diversity of life on earth by protecting the land and waters they need to survive. The Nature Conservancy has developed a strategic, science-based planning process, called Conservation by Design, which helps to identify the highest-priority places, landscapes and seascapes that, if conserved, promise to ensure biodiversity over the long term. In other words, Conservation by Design allows the achievement meaningful, lasting conservation results. <http://nature.org/>

The Trust for Public Lands – The Trust for Public Land (TPL) is a national, non-profit land conservation organization, and in 1997, they celebrated 25 years of conserving land for people. Since TPL was founded in San Francisco in 1972, it has grown from a small group of people concerned with preserving the Marin headlands just north of San Francisco to an organization of more than 200 dedicated people in 24 offices across the mainland. TPL and these local groups work with private and corporate landowners, community groups, cities and towns, and public agencies at the State and Federal levels. TPL strives to find ways that lets everyone work together, achieve our conservation goals, and see that many of America's most special places are preserved. TPL's mission statement is simple: to conserve land for people. The work, however, is complex, challenging, and rewarding. In 25 years, more than 1 million acres of land, valued in excess of \$1.2 billion dollars, have been protected by TPL with the help and partnership of organizations much like the Maui Open Space Trust. <http://www.bestofmaui.com/tplhawaii.htm>

Maui Coastal Land Trust – The mission of the Maui Coastal Land Trust is to acquire, preserve, and protect coastal lands in Maui Nui (i.e., the islands of the County of Maui) for the integrity of the natural environment and the enjoyment of current and future generations. **MCLT has three main goals -Goal 1: Operations** To establish a strong community-based organization with diversified sources of financial support. **Goal 2: Public Awareness** Educate and build alliances

with landowners, developers, community groups, government agencies, the business community, and visitors. **Goal 3: Land Conservation** Institute a program to successfully acquire, preserve, and protect selected parcels of coastal land. <http://www.mauicoastallandtrust.org/index.html>

Hawaii Island Land Trust (HILT) – HILT is a community-based, non-profit organization whose mission is to provide an inclusive approach to land conservation on the Island of Hawai'i. HILT works with landowners who voluntarily choose to protect their land and collaborates with individuals, other non-profits, and governmental organizations to achieve conservation objectives. HILT uses a variety of tools to protect lands such as voluntary conservation easements, land donations, or fee-simple purchases. <http://www.HawaiiLandTrust.org>

Kauai Public Land Trust – Kauai Public Land Trust's mission is to preserve lands on Kauai for the common good through acquisition, management, and education. They work with communities, government, businesses, and landowners to ensure key resources and places are protected for future generations. http://www.Itanet.org/findlandtrust/one.tcl?pc_id=144574

RELATED LINKS

Pacific Islands Lands Institute – This Guide provides information on private initiatives that can assist landowners and communities in their efforts to manage, conserve, and preserve agricultural land, rural landscapes, open space, historic sites, and natural and cultural resources on privately held land in Hawaii. These options and approaches are available to large and small landowners and community groups. They also make good economic sense because they can reduce taxes, protect land from forced estate tax sales, keep land within families, and sustain Hawaii's landscapes. http://www.pilipacific.org/conservation_options/constr_options.html

Catalogue of Federal Domestic Assistance Programs - <http://12.46.245.173/cfda/cfda.html>

Various Hawaiian related links -

<http://web.hawcc.hawaii.edu/hawcc/forestteam/ListLinksPane.htm>

Government incentive programs for tree-planting or forest management on private lands in Hawaii

October 18, 2006

Katie Friday, United States Department of Agriculture, Forest Service (USDA FS)

Sheri Mann, Hawaii Dept. Lands & Natural Resources, Division of Forestry and Wildlife (DOFAW)
 Steve Smith, Forestry Management Consultants - Hawaii

- This chart is intended to facilitate comparison of programs and provide contact information. It is neither complete nor authoritative.
- Most cost-share programs **reimburse** landowners for a portion of their costs; payments are limited by (a) percentages or ratio of payment to match, (b) standard rates (caps) for eligible practices, and (c) annual or project total maximums.
- Most programs have guidelines for what can qualify as the “match” for the cost-share; for example, funding from one program usually cannot match funding from another.
- Federal and state cost-share payments must be reported in tax returns and may be taxable; search for “Cost-Share” in www.timbertax.org

Program name, <i>Administering agency</i>	Purposes	Land eligibility	Incentive	Time-frame	Other requirements	Contact
Forest Stewardship Program (FSP) <i>DOFAW</i>	Complete range of forest management activities, including plan development	Private and privately leased lands (10-year minimum lease); minimum 5 contiguous acres in FSP project; “non-industrial forest” owners	Up to 50% cost-share, usually limited to \$75,000/year	10 years of cost-sharing; 10-year maintenance commitment; minimum 30-year contract if timber harvesting is involved	Pre-proposal and land management plan required; Environmental Assessment (EA) and payback provisions may be required	Sheri Mann (808) 587-4172 www.state.hi.us/dlnr/dofaw/hfsp

Forest Legacy <i>DOFAW (USDA FS funds)</i>	Preclude conversion of forest land to non-forest uses	Private lands, currently forested, threatened by development or fragmentation; must fall within "Forest Legacy Area" designated by the State	Federal funds available to purchase up to 75% of federally appraised value of easement or of fee simple acquisition. Carries potential tax benefits.	Permanent	Requires FSP Plan; may require EA; subject to prioritization at state and national level	Sheri Mann (808) 587-4172 http://www.state.hi.us/dlnr/dofaw/Legacy
Natural Areas Partnership (NAP) <i>DOFAW</i>	Protection, restoration and enhancement of significant native resources or geological features	Private lands with intact native Hawaiian ecosystems, essential habitat for endangered species, and areas within the protective (P) subzone of the Conservation District; applicant may be cooperating entity managing such lands	Up to 67% cost-share	Permanent dedication through transfer of fee title or conservation easement	Development of long-range agreements and management plans; requires EA	Randy Kennedy (808) 587-0054 http://www.state.hi.us/dlnr/dofaw/napp

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Program name, Administering agency	Purposes	Land eligibility	Incentive	Time-frame	Other requirements	Contact
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<p>Landowner Incentives Program (LIP)</p> <p><i>DOFAW (US Fish & Wildlife Service [F&WS] funds)</i></p>	<p>Enhance, protect, or restore habitats that benefit federally listed, proposed, or candidate species, or other at-risk species</p>	<p>Private and DHHL leasehold lands; applicants may also be groups working with such landowners</p>	<p>Up to 75% cost-share; more funding often available than for PSGP (below)</p>	<p>Measurable results desired within 5 years</p>	<p>Projects cannot be used to fulfill mitigation requirements</p>	<p>Bill Standley (808) 587-4171 http://www.state.hi.us/dlnr/dofaw/LIP/</p>
<p>Private Stewardship Grants Program (PSGP)</p> <p><i>US F&WS</i></p>	<p>Enhance, protect, or restore habitats that benefit a target species federally listed, proposed, candidate, or other at-risk species</p>	<p>Private lands; applicants may be groups working with such landowners</p>	<p>Up to 90% cost-share of on-the-ground management</p>	<p>Measurable results desired within 5 years</p>	<p>Projects cannot be used to fulfill mitigation requirements</p>	<p>Naomi Bentivoglio (808) 792-9411 http://pacificislands.fws.gov/worg/orghc_psg.html http://endangered.fws.gov/grants/privatestewardship</p>
<p>Partners for Fish & Wildlife</p> <p><i>US F&WS</i></p>	<p>(1) Restore natural habitats and provide long-term benefits to threatened and endangered species; or (2) satisfy the needs of wildlife populations on National Wildlife Refuges</p>	<p>Private lands and Hawaiian Homelands</p>	<p>Up to 50% cost-share; technical assistance also provided</p>	<p>10-year minimum commitment</p>	<p>Projects cannot be used to fulfill mitigation requirements</p>	<p>Benton Pang (808) 792-9443 http://pacificislands.fws.gov/worg/orghc_partners.html http://partners.fws.gov/pdfs/05partnersgrants.gov.pdf</p>
<p>Hawaii Endangered Species Act Community Conservation Initiative (HCCI)</p> <p><i>US F&WS</i></p>	<p>(1) Provide opportunities for hunting communities; (2) provide conservation benefits for listed species habitats affected by hunting activities</p>	<p>Private or state lands</p>	<p>Up to 50% cost-share</p>	<p>10-year minimum commitment</p>	<p>Funds may not be used to fulfill mitigation requirements</p>	<p>Benton Pang (808) 792-9443 http://pacificislands.fws.gov/worg/orghc_cci.html</p>
<p>Safe Harbor Agreements (SHA)</p> <p><i>DOFAW and US F&WS</i></p>	<p>Proactive natural resource management to benefit endangered and threatened species.</p>	<p>Private and public lands</p>	<p>Provides regulatory assurances that future property-use restrictions will not be imposed</p>	<p>5-15 year commitment</p>	<p>Activities must meet "net conservation benefit" criteria for species</p>	<p>Bill Standley, (808) 587-4171 Arlene Pangelinan, (808) 792-9445 http://www.state.hi.us/dlnr/dofaw/safeharbors http://endangered.fws.gov/recovery/harborqa.pdf</p>
<p>Watershed Partnership Program</p> <p><i>DOFAW</i></p>	<p>Cooperative projects that benefit on-the-ground activities protecting land for watershed conservation</p>	<p>Lands within established or forming Watershed Partnerships</p>	<p>No mandatory cost-share requirement, but leveraging of funds is encouraged</p>	<p>Year-to-year as funds are available</p>		<p>Randy Kennedy (808) 587-0054 http://www.state.hi.us/dlnr/dofaw/wpp</p>

Legacy Land Conservation Fund DOFAW	Provides for the acquisition of lands, including easements	Lands for watershed and habitat protection, parks, coastal area, natural areas, agricultural production, cultural or historical sites, recreation and public hunting	No mandatory cost-share for state agencies and counties. Non-profit require 25% match for funds	Permanent	Intended for state agencies, counties, and non-profit land conservation organizations seeking funding to acquire property	Molly Schmidt (808) 586-0921 http://www.hawaii.gov/dlnr/dofaw/llcp
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Program name, Administering agency	Purposes	Land eligibility	Incentive	Time-frame	Other requirements	Contact
Environmental Quality Incentives Program (EQIP) <i>USDA Natural Resources Conservation Service (NRCS)</i>	Priority resource concerns pertinent to forestry include: (1) sedimentation from accelerated erosion; (2) noxious weeds; (3) at-risk species habitat; (4) invasive species	Private or private 5-10+ year lease of private land: cropland, rangeland, pasture, <u>forest</u> , other farm or ranch land (if idle land was cropped within the past 5 years and it will again be cropped within the year, land is eligible)	Up to 75% cost-share	3-year cost-share agreements	Applicants must be persons actively engaged in livestock or agricultural [or forest] production	Shirley Nakamura (808) 541-2600 ext. 112 http://www.hi.nrcs.usda.gov/programs/eqip_and_gswc.html

Wildlife Habitat Incentives Program (WHIP) <i>USDA NRCS</i>	Restoration of unique native habitats, especially for threatened and endangered plant and animal species; priority habitats for Hawaii include native forests	Private or leased land; state and county lands also eligible	Up to 75% cost share	5-10-year contract	Primary goal may not be commercial production	Gwen Gilbert (808) 541-2600 ext. 122 http://www.hi.nrcs.usda.gov/programs/whip.html http://www.nrcs.usda.gov/programs/farmbill/2002/pdf/WHIPFct.pdf
			Up to 100% cost-share	15-year contract		
Private Lands Initiative <i>US Army</i>	Help the Army meet Endangered Species Act recovery responsibility and prevent future T&Es listings	Private lands near Army lands	Federal funds available for NGO or state/local agency to purchase a portion of land titles or conservation easements	Permanent	Army may use the land for low-impact training	Cynthia Bauer (410) 436-4988 http://aec.army.mil/usaec/natural/natural03a.html
Urban & Community Forestry (U&CF) Kaulunani <i>DOFAW (USDA FS funds)</i>	Tree-planting in urban and community settings; educational programs; technical tree-care programs; Arbor Day activities	Public lands or private lands with public access	Up to 50% cost-share, maximum usually \$10,000/year		Applicant must be non-profit organizations, tree advocacy groups, civic groups, educational institutions, and local & state government agencies	Teresa Trueman-Madriaga (808) 672-3383 http://www.state.hi.us/dlnr/dofaw/kaulunani

HRS 186 Tree Farm Designation <i>DLNR</i>	Sustained production of forest products in quantity sufficient to establish a business	Private property or lease (minimum 20 years)	"Right to Harvest" law applies		Management Plan approved by DLNR Board	Michael Constantinides (808) 587-4186 http://www.capitol.hawaii.gov/hrscurrent/Vol03_Ch0121-0200D/HRS0186/HRS_0186-0002.htm
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Program name, Administering agency	Purposes	Land eligibility	Incentive	Time-frame	Other requirements	Contact
Federal income taxes <i>Internal Revenue Service</i>	Planting for timber production	Private enterprises	Deduction or amortization of planting costs - up to approximately \$10,000	Amortize over 7 years		http://www.fs.fed.us/r8/spf/coop/taxation/ http://www.timbertax.org/
	Timber sales	Private enterprises	Long-term capital gains treatment	Timber held over 1 year	Must establish basis	
Property tax treatment <i>City & County of Honolulu</i>	Tree Farming	Private Property or minimum 20-year lease; minimum 10 acres	Agricultural Property Tax Reduction (1-5% of fair market value, depending upon length of dedication)	1-, 5- or 10-year dedications	HRS 186 Tree Farm Designation (see above)	Real Property Assessment Division (808) 527-5510, - 5539 http://www.co.honolulu.hi.us/rpa/chapter_8.pdf Scroll down to page 24 in pdf- "Section 8-7.3 "Dedication of Lands for Agricultural Use"

Agricultural Property Tax Reduction	Commercial tree farms	Private property or lease; minimum 5 years acceptable previous agricultural land use; agricultural condominiums not eligible	Tax assessment 50% of fair market value	20-year dedication; 10-year dedications <u>might</u> be allowed for short-rotation tree farms	Tree farm management plan and other information	Real Property Assessment Division (808) 241-6222 http://www.kauai.hawaii.gov/Default.aspx?tabid=178
Agricultural Property Tax Exemption <i>Kauai County</i>	Tree farms	Private property or lease; minimum 10 acres; land in urban district not eligible	\$25/parcel/year property tax	Harvesting must take place 6-25 years after planting		
Agricultural tax rates <i>Hawaii County</i>	Commercial tree farming ("Fast Rotation Forestry" and "Slow Rotation Forestry")	Private property	Agricultural Property Tax Reduction; rates based on crop and productivity	10 year dedication for private land, 5 year dedication for leased land		Real Property Tax Division – Appraiser (808) 961-8354 http://www.hawaiipropertytax.com Click "Forms & Instructions," then "Miscellaneous," then "Agricultural Use" links

Native forest dedication <i>Hawaii County</i>	Preservation, restoration, and conservation of native forest (defined as at least 25% tree cover and 60% cover of native forest species)	Private property or lease of at least 20 yrs, minimum 3 acres	Low tax assessments, same as for pasture	20 year agreement to use land as native forest	Forest management plan; written affidavit from recognized forestry professional that restoration plan is likely to succeed within the designated time period	Mike McCall, Wes Takai (808) 961-8260 http://www.hawaiipropertytax.com Click "Forms & Instructions," then "Miscellaneous," then "Native Forest Dedication"
Property tax treatment <i>Maui County</i>	Tree farms (not specifically addressed in Code, but could be considered "crop")	Private property or lease; minimum 5 years' acceptable previous agricultural land use	Tax assessment 50% of fair market value	20-year dedication; 10-year dedications <u>might</u> be allowed for short-rotation tree farms	Petition Director of Finance	Real Property Tax Division 270-7297 http://ordlink.com/codes/maui/index.htm Scroll down to "Article 7. Valuations," then click "3.48.350 Dedicated Lands" links